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Zacks Small-Cap Research

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Clip Money, Inc. (OTCQB: CLPMF)

CLPMF Revenues Are Ramping Even Faster Than Expected as Customers Roll Out to More Stores and Add New Products

We believe CLPMF stock is worth $0.25 per share based on an EV/Estimated 2025 Sales of 6.0 times, given its expected growth of over 150%.

Current Price (11/18/24)	$0.12
Valuation	**$0.25**

OUTLOOK

Clip Money is a rapidly growing NCR-backed start-up based in Ottawa, Canada, and operating in Canada and the US. It is helping physical stores and businesses quickly, safely, and less expensively deposit cash into their bank accounts, as well as replenishing notes and coins for store operations. The company uses its proprietary software platform to facilitate cash management, and its network is made up of a network of DropBoxes and NCR ATMs located in retail outlets. Clip also partners with Brinks for cash logistics and the US Postal Service for change order delivery.

SUMMARY DATA

52-Week High	**$0.25**
52-Week Low	**$0.12**
One-Year Return (%)	**-50%**
Beta	**-0.6**
Average Daily Volume (sh)	**10,768**
A+B Shares Out. (mil)	**105.2**
Market Capitalization ($mil)	**$13**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**62.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small Growth**
Industry	**Financial Services**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	$0.0 A	$0.0 A	$0.0 A	$0.0 A	$0.0 A
2023	$0.0 A	$0.0 A	$0.1 A	$0.4 A	$0.6 A
2024	$0.3 A	$0.4 A	$0.5 A	$1.0 E	$2.2 E
2025					$5.4 E

Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$1.44 A	-$0.10 A	-$0.04 A	-$0.04 A	-$0.22 A
2023	-$0.03 A	-$0.03 A	-$0.03 A	-$0.02 A	-$0.11 A
2024	-$0.02 A	-$0.02 A	-$0.02 A	-$0.02 E	-$0.09 E
2025					-$0.07 E

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Clip Money Reports Q3 Revenue Growth of 250%

Revenue is ramping even faster than we expected, as shown by the Q3 earnings report. Revenue for Q3 2024 was $521,000 compared to $149,000 in Q3 of 2023, representing 250% growth. In the quarter, the number of new deposit users grew by 101%, and revenue per user increased by 67%. In addition to signing new customers, old customers are adding more products, increasing revenue per customer. Many are signing up for Clip Change to avoid additional trips to the bank for cash. By adding this product, monthly revenues from that customer can go from an average of $120 to $140 with almost no incremental cost to Clip Money. Clip Money announced that two of its largest existing customers are adding Clip Change. With expanding margins and increased revenue, we expect that Clip Money should reach cash flow breakeven by the beginning of 2026, if not sooner.

Clip Money is now in the biggest retail quarter of the year, and revenues will increase with an increase in the number of deposits as well as the size of those deposits, although not proportionally. Some deposits will not reach the threshold to meet a higher fee. With all the new customers, new stores, and new deposit locations, Q4 could be up 100% sequentially. While we expect a drop off sequentially in Q1, it should not be as great as the drop off in sales of its customers due to minimums.

In its earnings press release, the company also announced it has signed Genesco as a new customer. Genesco owns 1,200 stores comprised of Journeys, Journeys Kidz, Little Burgundy, and Johnston & Murphy. It began a Clip Drop deposit rollout in Q3 2024, adding 30 stores in Q3 and expects to have 500 installed by the end of the year. While not all of its 1,200 stores are in locations that can use a Clip box, it should be able to add at least 700 easily. We expect that this large customer will end up in the top three customers for Clip Money imminently and reduce the company's customer concentration, which has been dependent on Lids, Hot Topic, and SunPac for the majority of revenues.

Most of the revenues (89%) in the quarter came from Dropbox deposits, with the other 11% coming from new products--Change Orders and ATMs. The company expects these new revenue streams to continue to grow as a percentage of total revenue over the next several quarters. At the end of the quarter, the company had 409 Clip Drop Boxes installed, up from 363 at the end of Q3 2023, or 13% more.

The cost of revenue for Q3 2024 was $837,000 compared to $640,000 for Q3 2023. The cost of revenue is primarily rent and site maintenance for ClipDrop locations, transaction processing and related services, wages to maintain the platform, and other costs. Processing costs were the main driver of cost increases. While revenue increased 250%, the cost of revenue only grew 17%, getting the company closer to positive gross margins.

Operating expenses were up slightly in Q3 2024 compared to Q3 2023. This increase came from lower professional fees offset by increased salaries, driven by new hires and bonus accrual reversal in Q3'23. Professional fees were lower by $100,000 in Q3 2024, while salaries and benefits were up $352,000.

The operating loss in Q3 2024 was $1.9 million versus $1.8 million a year ago.

Net finance expenses increased by $35,000 in Q3 of 2024 to $497,000. This was caused by the added interest, accretion, and related expenses for new convertible notes and government loans.

The net loss for Q3 2024 was $2.4 million compared to $2.6 million a year ago before the currency exchange. The GAAP loss per share was $0.02 versus $0.03 on a 41% increase in shares outstanding.

Balance Sheet

As of September 30, 2024, the company had $3.4 million in cash, $1.1 million in working capital, and $10.2 million in debt. In Q3 2024, it had negative cash flow and free cash flow (excluding changes in working capital) of $1.3 million and expects to continue to burn about $500,000 per month.

As of September 30, 2024, Clip Money had 105,164,194 common shares outstanding, 6,064,321 outstanding options, 216,698 restricted stock units, and 16,603,593 warrants outstanding.

On October 28, 2024, Clip Money USA received a revolving secured promissory note for $1 million carrying an interest rate of the term SOFR interest rate plus 3.5% and maturing on October 15, 2027.

Relationship with Cardtronics

Cardtronics Inc. is a related party and is the company's largest shareholder, currently holding 27% of the company's shares. On September 21, 2023, Cardtronics, Inc. (a subsidiary of NCR Corporation) invested US$10 million in the company by buying 28.6 million shares at CDN$0.23 per share for CDN$6.6 million and a CDN$6.8 million convertible note in a private placement at a $25 million pre-money valuation. Upon conversion, this represents a 40% ownership by NCR.

On Sept. 17th, Clip Money closed a non-brokered private placement of unsecured convertible notes for gross proceeds of US$2,800,000. PeoplesBank subscribed for $2 million, and Cardtronics invested the remaining $800,000. The notes mature in five years, accrue interest at 13%, and convert at CDN$0.55.

As of September 30, 2024, Cardtronics had an outstanding convertible debenture with Clip Money of $4,459,492 and accrued accretion and interest payable of $339,664. The two companies have a long-term, firmware-exclusive collaboration that combines Clip Money's cash deposit solution with NCR's cardless cash deposit API and allows Clip Money to use NCR's ATM network.

During the Quarter

On July 18th, Clip Money announced a strategic partnership with WPG, a leading owner and operator of commercial real estate across the United States. WPG now offers ClipDrop as its newest mall amenity. The initial phase of Clip's expansion across WPG's portfolio launched with installations at 23 shopping centers, with plans for continued growth coast-to-coast.

After the Quarter Ended

On Nov. 07, 2024, Clip Money announced it had expanded its partnership with CBL Properties by adding another 20 malls to the current 16 by October 24th. CBL is the owner of a national portfolio of properties, including 55 high-quality enclosed malls, lifestyle centers, and outlet centers. Clip is now available in 36 of CBL's U.S. properties, providing the potential to service over 3,700 retailers.

KEY POINTS

- Clip Money has invented a new way for businesses to handle their cash. It uses shared resources and infrastructure to lower the cost of depositing and withdrawing cash, including a national network of deposit endpoints made up of smart safes and ATMs and the USPS. By sharing expenses among many businesses, Clip Money can beat the prices of current methods of managing cash, namely

bank branches or armored carrier contracts. As a side benefit, Clip Money is typically easier, more convenient, and often safer than legacy methods.

- The company is a true start-up that was founded by management who are well-experienced in the industry. It has been funded and is backed by NCR's Cardtronics business, which owns over 27% of the company (40% with the convertible note). The chief operating officer of NCR Atleos is also on Clip Money's board. This deep-pocketed backer should give investors some assurance that it has support to achieve success.

- We believe Clip Money is undervalued because it is mostly unknown to investors, has had a short public lifespan, has an obscure listing on the Canadian Venture Exchange, has low revenues, and has limited research coverage.

- With a low float due to NCR and insider holdings, the stock may be hard to buy, but the stock and the company deserve a second look, even if only for the fact that it is trading below the valuation price NCR paid in September.

- Clip Money's revenues grew 436% year over year for the first nine months of 2024. It is currently at a $2.1 million revenue run rate and has been ramping revenues and decreasing losses as it adds customers and expands its network. The company trades at a $13 million market cap and $19 million enterprise value. We expect revenues in 2025 to reach or exceed $5.2 million based on current growth. At a growth rate of 150%, we believe the company is worth 6.0 times 2025 revenues or $0.25 per share.

OVERVIEW

Clip Money is an NCR-backed start-up based in Ottawa, Canada, and operating in Canada and the US. The company's stock was listed in May 2022 on the TSX Venture Exchange. It was founded in 2018 and has 16 employees, all of which except five are located in the US. In the nine months of 2024, 98% of its revenues were from the US.

Its business is helping physical stores and businesses quickly, safely, and less expensively deposit cash into and replenish notes and coins from their banks. Today, it does this through a national network of deposit locations made up of Clip Drop boxes and ATMs. ClipDrops are located in malls, and Clip ATMs are located across the U.S. in convenient locations like Walgreens, CVS, and Target. At these locations, multiple businesses can use a single device, and Clip processes the deposits to a business's bank account of choice. This way, the expenses associated with moving cash are shared by many businesses rather than by one, resulting in lower cost and effort. While Clip Money runs the system, it is partnered with operating companies such as Brinks and NCR, which provide the hardware, maintenance, and cash collection for the ClipDrop boxes and NCR Atleos for the Clip-enabled ATMs. We believe this is the first significant innovation in managing cash in 50 years.

Currently, ClipDrop locations are located in over 400 malls, and the company has already signed agreements with large property owners like Tanger Outlets, Simon Malls, Brookfield Properties, CBL, and Washington Prime Group.

Clip Money generates revenue from each transaction a customer makes, and most customers transact daily. The customer is charged $5.49 per transaction up to $1,000 deposited and another 0.549% of the deposited amount above and beyond. The fee is taken directly out of the deposit amount, so Clip Money's only accounts receivable from the larger customers who have asked to be charged monthly instead of at each transaction. As a result, Clip Money has high visibility as it tracks its daily sales.

Customers also pay fees for their deposit mistakes. The company claims the average store generates $100-$140 in revenue a month from Clip deposits.

ClipATM

In April and May, Clip Money added NCR's 2,600 deposit-taking ATMs in stores such as Walgreens, CVS, Duane Reed, and Target to its deposit network. These NCR-owned deposit-taking ATMs are located across 30 states and serve more than 70 of the largest population centers in the US. The locations augment Clip's current 400+ locations, which comprise the ClipDrop network. By the end of 2024, management expects 3,000+ of NCR's ATMs will be available for use.

Clip Change

Clip Change allows customers to withdraw cash in specified coins and bill denominations delivered by the US Postal Service and cash couriers. By utilizing deposit and change order solutions from Clip, a customer can eliminate local bank accounts and save on the account fees charged by banks.

VALUATION

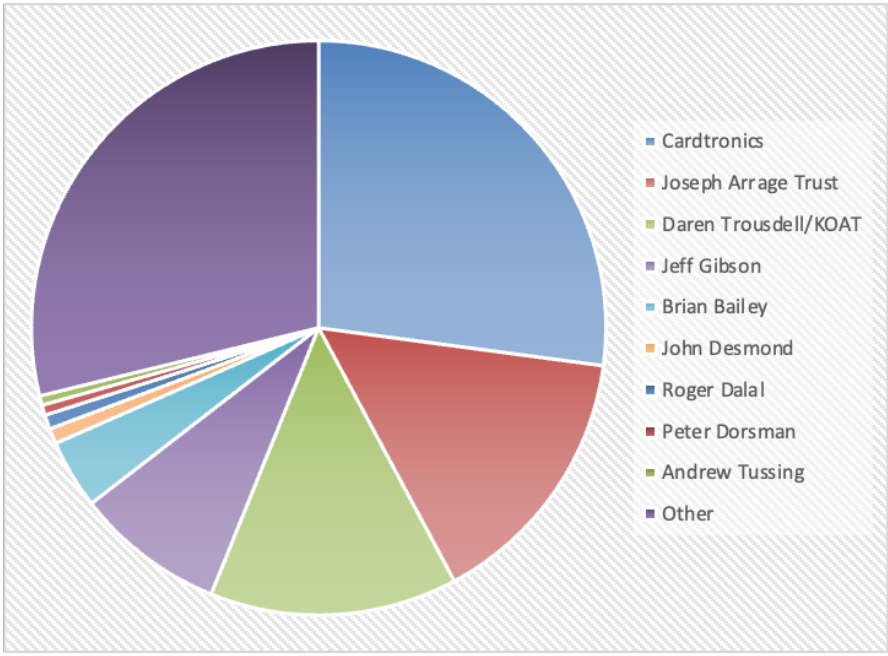
We consider Clip Money's peers software and service providers to the financial services industry. They trade at an average of 2.9 times enterprise value to estimated 2025 sales. Valuation ranges from 12.3 times for Shopify to 1.5 times for Marqeta. None of these companies is growing over 40%, making Clip Money unique. Given the expected growth of over 150% next year, we believe it deserves the high end of the range.

		Cal. Revenue			TTM	Enterprise Value / Sales			EV/	Enterprise	EBITDA
Company	Ticker	2025E	2024E	LTM	EBITDA	2025E	2024E	LTM	EBITDA	Value	Margin
Affirm	AFRM	NA	$2,738	$2,520	-$292	NA	8.9x	9.7x	-83.9x	24,490	-11.6%
EVERTEC	EVTC	$904	$844	$824	$239	3.2x	3.4x	3.5x	12.2x	2,910	29.0%
Flywire	FLYW	$604	$486	$475	$1	3.4x	4.2x	4.3x	1691.7x	2,030	0.3%
Global Payments	GPN	$9,690	$9,190	$10,020	$4,360	4.6x	4.8x	4.4x	10.1x	44,150	43.5%
i3 Verticals	IIIV	NA	$271	$371	$61	NA	3.5x	2.6x	15.8x	954	16.3%
Lightspeed POS	LSPD	NA	$1,056	$1,010	-$74	NA	1.9x	2.0x	-27.2x	2,010	-7.3%
Marqeta	MQ	$588	$504	$490	-$29	1.5x	1.7x	1.8x	-30.2x	870	-5.9%
Nuvei	NVEI	$1,600	$1,370	$1,360	$289	3.7x	4.3x	4.3x	20.4x	5,910	21.3%
Paymentus	PAY	$1,030	$737	$779	$54	4.1x	5.7x	5.4x	78.5x	4,210	6.9%
PayPal	PYPL	$33,580	$31,710	$31,460	$6,120	2.5x	2.6x	2.6x	13.6x	82,940	19.5%
Paysafe	PSFE	$1,850	$1,720	$1,700	$428	1.8x	1.9x	1.9x	7.6x	3,270	25.2%
Repay	RPAY	$338	$317	$311	$72	3.0x	3.2x	3.3x	14.1x	1,020	23.2%
Sezzle	SEZL	$327	$247	$222	$67	6.9x	9.1x	10.2x	33.8x	2,260	30.1%
Shift4	FOUR	$4,480	$3,440	$3,150	$457	1.9x	2.5x	2.7x	18.6x	8,520	14.5%
Shopify	SHOP	$10,730	$8,790	$8,210	$1,250	12.3x	15.1x	16.1x	106.0x	132,440	15.2%
Square	SQ	$27,240	$24,380	$23,860	$1,280	1.9x	2.1x	2.1x	39.8x	50,890	5.4%
Toast	TOST	$6,080	$4,930	$4,660	$2	3.5x	4.3x	4.6x	NM	21,380	0.0%
WEX	WEX	$2,750	$2,630	$2,660	$940	2.7x	2.8x	2.8x	7.9x	7,400	35.3%
Average					**840**	**3.8x**	**4.6x**	**4.7x**	**107.1x**	**22,956**	**13.3%**

RISKS

- Approximately 69% of the company's revenue is earned from three customers: Pacsun, Hot Topic, and Lids.
- The company is burning cash and will likely sell equity to raise cash, diluting current shareholders.
- As a start-up with a unique business model, there can be no assurance that the company can turn profitable.

OWNERSHIP



INCOME STATEMENT

	March Q1 23 US $	June Q2 23 US $	Sept Q3 23 US $	Dec Q4 23 US $	March Q1 24 US $	June Q2 24 US $	Sept Q3 24 US $	Dec Q4 24E US $	2021 CDN $	2022 US $	2023 US $	2024E US $	2025E US $
Clip boxes installed qtr end	277	277	363	396	313	347	409	475	20	338	396	475	550
Yr-to-yr Gr.	246%	46%	91%	17%	13%	25%	13%	20%	NA	1590%	17%	20%	16%
REVENUE	$31,465	$44,907	$148,965	$352,582	$299,176	$387,955	$521,316	$950,000	$2,424	$27,687	$577,919	$2,158,447	$5,396,118
Yr-to-yr Gr.	1595%	2420%	4173%	1615%	851%	764%	250%	169%	NA	1042%	1987%	273%	150%
OPERATING EXPENSES													
Cost of goods sold	566,349	597,905	640,427	711,485	745,953	715,973	837,252	1,046,565	128,859	1,269,875	2,516,166	3,345,743	4,416,381
Gross Margin	(534,884)	(552,998)	(491,462)	(358,903)	(446,777)	(328,018)	(315,936)	(96,565)	(126,435)	(1,242,188)	(1,938,247)	(1,187,296)	979,737
% of Sales	-1699.9%	-1231.4%	-329.9%	-101.8%	-149.3%	-84.6%	-60.6%	-10.2%	-5216.0%	-4486.5%	-335.4%	-55.0%	18.2%
G&A	114,553	91,092	80,587	95,956	84,563	92,459	84,921	84,921	128,013	355,836	382,188	346,864	400,000
Sales & marketing	47,852	47,300	26,539	32,999	21,017	65,633	62,696	62,696	186,980	119,815	154,690	212,042	250,784
Salaries & benefits	975,111	805,417	400,549	591,037	942,081	865,982	752,480	865,982	2,833,800	3,831,721	2,772,114	3,426,525	3,400,000
Depreciation and amortization	489,542	487,077	500,087	486,895	454,886	496,470	492,808	492,808	754,172	1,622,109	1,963,601	1,936,972	2,000,000
Professional fees	230,538	325,764	304,446	243,516	177,930	193,424	204,276	200,000	613,128	802,739	1,104,264	775,630	600,000
Tot Operating Exp.	1,857,596	1,756,650	1,312,208	1,450,403	1,680,477	1,713,968	1,597,181	1,706,407	4,516,093	6,732,220	6,376,857	6,698,033	6,650,784
Operating Income	(2,392,480)	(2,309,648)	(1,803,670)	(1,809,306)	(2,127,254)	(2,041,986)	(1,913,117)	(1,802,972)	(4,642,528)	(7,974,408)	(8,315,104)	(7,885,329)	(5,671,047)
Finance expenses, net	(195,033)	(141,405)	(461,963)	(436,524)	(428,495)	(448,549)	(496,782)	(500,000)	(360,591)	(850,216)	(1,234,925)	(1,873,826)	(1,825,593)
Government grant income	0	0	0	0	0	0	0	0	42,437	0	0	0	0
Foreign exchange	109,083	(56,105)	9,873	(126,094)	142,168	78,081	(84,278)	0	(150,877)	(306,421)	(63,243)	135,971	0
FV change of derivative liab.	0	0	39,061	108,994	16,370	(73,286)	110,921	0	0	(499,026)	148,055	54,005	0
Loss on early ext. of converts	0	0	(272,157)	817	0	0	0	0	0	0	(271,340)	0	0
Public listing fees	0	0	0	0	0	0	0	0	(380,387)	(2,505,729)	0	0	0
Total other income	(85,950)	(197,510)	(685,186)	(452,807)	(269,957)	(370,468)	(470,139)	(500,000)	(849,418)	(4,161,392)	(1,421,453)	(1,683,850)	(1,825,593)
Profit before tax	(2,478,430)	(2,507,158)	(2,488,856)	(2,262,113)	(2,397,211)	(2,412,454)	(2,383,256)	(2,302,972)	(5,491,946)	(12,135,800)	(9,736,557)	(9,623,184)	(7,496,640)
Taxes	0	0	0	419,990	-	-	-	-	0	0	419,990	0	0
Tax Rate	0.0%	0.0%	0.0%	18.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	0.0%	0.0%
Net income	(2,478,430)	(2,507,158)	(2,488,856)	(1,842,123)	(2,397,211)	(2,412,454)	(2,383,256)	(2,302,972)	(5,491,946)	(12,135,800)	(9,316,567)	(9,623,184)	(7,496,640)
Foreign exchange translation adj	82,961	(39,359)	(106,659)	103,519	(119,756)	(62,557)	0	0	0	-163,733	40,462	(182,313)	(244,870)
IFRS Net income	(2,395,469)	(2,546,517)	(2,595,515)	(1,738,604)	(2,516,967)	(2,475,011)	(2,383,256)	(2,302,972)	(5,491,946)	(12,299,533)	(9,276,105)	(9,805,497)	(7,741,510)
Yr-to-yr Gr.	42%	-51%	-10%	-32%	5%	-3%	-8%	32%		124%	-25%	79%	-37%
Shares issued for services	0	0	0	0	0	0	0	0	1,451,333	1,131,358	-	0	0
One-time	0	0	272,157	(817)	0	0	0	0	380,387	2,505,729	- 271,340	0	0
Non-IFRS Net Income	(2,395,469)	(2,546,517)	(2,323,358)	(1,739,421)	(2,516,967)	(2,475,011)	(2,383,256)	(2,302,972)	(3,660,226)	(8,662,446)	(9,547,445)	(9,805,497)	(7,741,510)
IFRS primary EPS	**($0.03)**	**($0.03)**	**($0.03)**	**($0.02)**	**($0.02)**	**($0.02)**	**($0.02)**	**($0.02)**	**($0.14)**	**($0.22)**	**($0.11)**	**($0.09)**	**($0.07)**
Adj Non-IFRS EPS	($0.03)	($0.03)	($0.03)	($0.02)	($0.02)	($0.02)	($0.02)	($0.02)	($0.10)	($0.16)	($0.12)	($0.09)	($0.07)
Yr-to-yr Gr.	-6%	-40%	25%	-59%	-26%	-31%	-26%	14%		1386%	-21%	-24%	-21%
Primary Share Out	73,467,513	74,808,155	76,083,925	90,515,731	104,947,537	105,164,194	105,024,237	105,165,000	38,057,990	55,592,136	83,437,731	105,075,242	105,165,000
Yr-to-yr Gr.	92%	68%	30%	24%	43%	41%	38%	16%		1386%	50%	26%	0%
Adjusted EBITDA	(1,902,938)	(1,822,571)	(1,303,583)	(1,322,411)	(1,672,368)	(1,545,516)	(1,420,309)	(1,310,164)	(2,437,023)	(5,220,941)	(6,351,503)	(5,948,357)	(3,671,047)

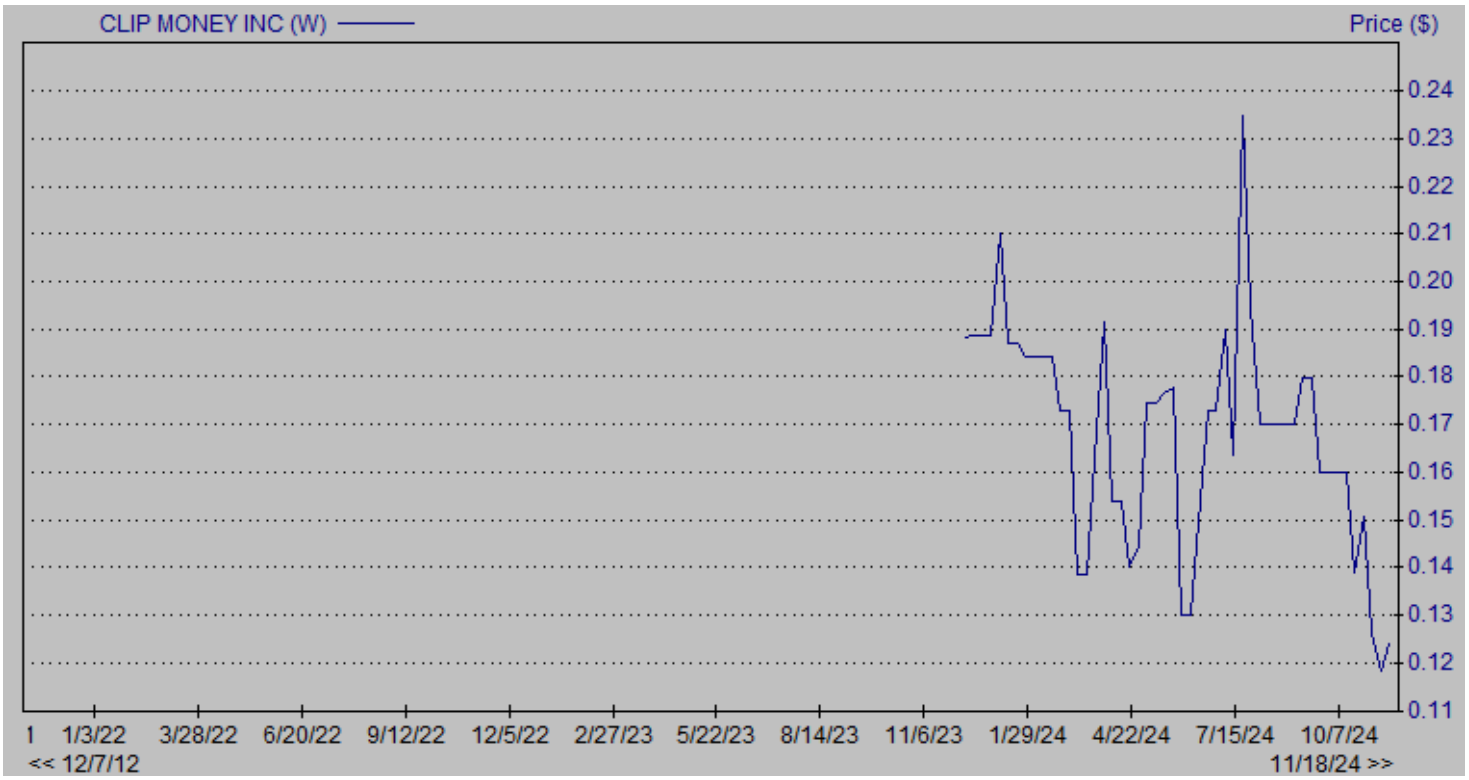
BALANCE SHEET

US Dollars	Sept 30, 2024	June 30, 2024	Qtr-Qtr % Change	Sept 30, 2023	Yr-Yr % Change
CURRENT ASSETS					
Cash	**$3,437,481**	**$2,291,165**	50.0%	**$7,943,712**	-56.7%
Due from customers	$33,539	$17,245	94.5%	$0	NA
Accounts receivable	220,468	179,195	23.0%	110,311	99.9%
Prepaid expenses	39,533	43,821	-9.8%	67,711	-41.6%
Total current assets	3,731,021	2,531,426	47.4%	8,121,734	-54.1%
Property and equipment, net	605,924	592,800	2.2%	690,043	-12.2%
Right of use assets, net	4,278,614	4,204,796	1.8%	4,488,327	-4.7%
Intangible assets, net	1,977,857	1,998,967	-1.1%	2,179,543	-9.3%
TOTAL ASSETS	10,593,416	9,327,989	13.6%	15,479,647	-31.6%
CURRENT LIABILITIES					
Trade and other payables	670,663	639,290	4.9%	693,973	-3.4%
Current portion of government loans	9,084	8,739	3.9%	37,796	-76.0%
Current portion of lease liabilities	1,387,828	1,289,168	7.7%	1,158,502	19.8%
Derivative liability	540,509	643,259	-16.0%	702,935	-23.1%
Total current liabilities	2,608,084	2,580,456	1.1%	2,593,206	0.6%
LONG-TERM LIABILITIES					
Long-term lease liabilities	3,802,103	3,857,214	-1.4%	4,264,921	-10.9%
Government loans	397,505	36,365	993.1%	36,135	1000.1%
Convertible debt	**9,782,408**	**6,643,443**	47.2%	**5,796,650**	68.8%
Total liabilities	16,590,100	13,117,478	26.5%	12,690,912	30.7%
SHAREHOLDERS' EQUITY					
Share capital	24,089,827	24,089,827	0.0%	23,794,183	1.2%
Contributed surplus	5,738,161	5,627,177	2.0%	5,697,177	0.7%
Accumulated other comprehensive income	(211,694)	(276,771)	-23.5%	(202,549)	4.5%
Accumulated deficit	(35,612,978)	(33,229,722)	7.2%	(26,500,076)	34.4%
Total shareholder's equity	(5,996,684)	(3,789,489)	58.2%	2,788,735	-315.0%
TOTAL LIABILITIES AND EQUITY	$10,593,416	$9,327,989	13.6%	$15,479,647	-31.6%
Current Ratio	1.4	1.0	45.8%	3.1	-54.3%
Working Capital	1,122,937	(49,030)	-2390.3%	5,528,528	-79.7%
Debt	$9,782,408	$6,643,443	47.2%	$5,796,650	68.8%
Debt Percent of Assets	92.3%	71.2%	29.7%	37.4%	146.6%
Cash and equivalents	$3,437,481	$2,291,165	50.0%	$7,943,712	-56.7%

CASH FLOWS

US Dollars	Year 2022 US $	3-Mo 3/31/23 US $	3-Mo 6/30/23 US $	3-Mo 9/30/23 US $	3-Mo 12/31/23 US $	Year 2023 US $	3-Mo 3/31/24 US $	3-Mo 6/30/24 US $	3-Mo 9/30/24 US $
CASH FLOWS - OPERATING ACTIVITIES									
Net profit (loss)	$ (12,135,800)	$ (2,478,430)	$ (2,507,158)	$ (2,488,857)	$ (1,842,122)	$ (9,316,567)	$ (2,397,212)	$ (2,485,740)	$ (2,383,256)
Income and non-cash expense items:									
Depreciation of property & equipment	118,803	47,155	48,312	48,727	48,772	192,966	49,926	50,287	49,146
Depreciation of righ-of-use assets	996,977	293,142	292,205	298,664	308,771	1,192,782	292,031	298,440	321,974
Amortization of intangible assets	506,329	149,246	146,560	152,696	129,351	577,853	158,677	147,602	121,629
Foreign exchange on lease liabilities	0	0	0	(4,608)	4,608	0	0	0	0
Loss on early extinguishment of convertible debt	0	0	0	103,861	(1,055)	102,806	0	0	0
Deferred tax recovery	0	0	0	0	(419,990)	(419,990)	0	0	0
Accretion & interest on convertible debt	161,318	0	48,962	180,142	314,373	543,477	308,619	309,222	332,131
Foreign exchange on convertible debt	0	0	0	0	0	0	0	0	0
Costs associated with debt issuance	5,827	0	0	0	0	0	0	0	0
Fair value change of derivative liability	499,026	0	(94,862)	55,801	(108,994)	(148,055)	(16,370)	73,286	(110,921)
Interest on government loans	7,572	1,253	4,736	(2,787)	1,455	4,657	4,563	1,837	2,534
Interest on lease liability	696,470	195,450	186,295	179,633	183,083	744,461	165,099	162,697	169,204
Share and warrant issuance costs	868,153	0	0	0	0	0	0	0	0
Shares issued for services	1,131,358	0	0	0	0	0	0	0	0
Shares issued to 138	0	0	0	0	0	0	0	0	0
Effects of foreign exchange	284,686	(114,225)	39,573	(22,246)	192,866	95,968	(82,562)	(337,398)	118,406
Options vesting for services	1,123,435	132,859	113,563	135,192	187,232	568,846	193,569	177,121	98,674
RSUs vesting for services	157,616	68,282	58,771	31,277	30,813	189,143	31,128	25,771	12,310
Warrants issued for services	36,213	7,937	2,115	0	0	10,052	0	0	0
Changes in assets and liabilities:									
Prepayments	76,786	91,554	(36,976)	40,286	9,921	104,785	(190,509)	204,478	4,288
Accounts receivable	(84)	(14,722)	(2,370)	(92,881)	(42,695)	(152,668)	28,982	(55,171)	(41,273)
Customer advances	2,459	13,209	(17,769)		72,395	72,395	(89,797)	(2,302)	(16,294)
Accounts payable	594,997	(9,352)	153,681	(1,014,881)	(172,905)	(1,043,457)	189,565	(71,343)	31,373
Net cash provided by operating activities	**(4,867,859)**	**(1,616,642)**	**(1,564,362)**	**(2,399,981)**	(1,104,121)	**(6,680,546)**	**(1,354,291)**	**(1,501,213)**	**(1,290,074)**
CASH FLOWS - INVESTING ACTIVITIES									
Acquisition of property & equipment	(699,615)	(38,730)	(7,957)	(10,046)	(28,704)	(85,437)	(5,253)	(25,676)	(54,067)
Investment in intangibles	(879,955)	(125,657)	(279,347)	(101,202)	(68,086)	(574,292)	(110,645)	(89,928)	(73,197)
Costs capitalized on right-of-use-assets	(95,723)	0	2,616	(2,616)	(5,919)	(5,919)	(230,199)	182,751	(94)
Net cash provided by (used in) investing activities	(1,675,293)	(164,387)	(284,688)	(111,248)	(102,709)	(665,648)	(346,097)	67,147	(127,358)
CASH FLOWS - FINANCING ACTIVITIES									
Change in right-of-use and lease liabilities, net	0	0	0	(244)	244	0	0	0	0
Proceeds from issuance of shares, net	5,831,863	820,507	0	4,876,914	0	5,697,421	0	0	0
Proceeds from issuance of warrants, net	1,780,834	432,765	0	0	0	432,765	0	0	0
Proceeds from issuance of convertible debt, net	935,445	0	2,815,585	6,040,788	(1,032,579)	7,823,794	0	0	2,689,955
Repayment of convertible debt	0	0	0	(1,032,579)	1,032,579	0	0	0	0
Proceeds from government loans									362,990
Payments of lease liabilities	(1,501,537)	(448,504)	(449,265)	(452,414)	(473,006)	(1,823,189)	(458,756)	(413,805)	(468,495)
Payments of government loans	0	0	(5,592)	(575)	(25,283)	(31,450)	(3,447)	(7,405)	(4,696)
Net cash used in financing activities	7,046,605	804,768	2,360,728	9,431,890	(498,045)	12,099,341	(462,203)	(421,210)	2,579,754
Effects of exchange rate changes	19,043	3,880	(806)	(56)	(90,844)	(87,826)	123,544	35,179	(16,006)
INCREASE (DECREASE) IN CASH	522,496	(972,381)	510,872	6,920,605	(1,795,719)	4,665,321	(2,039,047)	(1,820,097)	1,146,316
CASH - BEGINNING OF PERIOD	962,494	1,484,988	512,607	1,023,479	7,944,227	1,484,988	6,150,309	4,111,262	2,291,165
CASH - END OF PERIOD	1,484,988	512,607	1,023,479	7,944,084	6,148,508	6,150,309	4,111,262	2,291,165	3,437,481
Operating Cash Flow	$ (5,542,017)	$ (1,697,331)	$ (1,660,928)	$ (1,332,505)	$ (970,837)	$ (5,661,601)	$ (1,292,532)	$ (1,576,875)	$ (1,268,169)
Free cash flow	$ (6,241,632)	$ (1,736,061)	$ (1,668,885)	$ (1,342,551)	$ (999,541)	$ (5,747,038)	$ (1,297,785)	$ (1,602,551)	$ (1,322,236)

HISTORICAL STOCK PRICE



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